

**DRUMANARD TUNNEL**

SUBMITTED TO:  
INDIANA FINANCE AUTHORITY  
ONE NORTH CAPITOL AVENUE, SUITE 900  
INDIANAPOLIS, INDIANA 46204  
ATTENTION: SILVIA PEREZ  
PHONE: 317.234.7701  
FAX: 317.232.6786

SUBMITTED BY:  
WVB EAST END PARTNERS  
1260 EAST SUMMIT STREET  
CROWN POINT, INDIANA 46307  
PHONE: 315.207.3905

NOVEMBER 5, 2012  
12:00 PM EST



November 5, 2012

**VIA E-MAIL and UPS OVERNIGHT**

Indiana Finance Authority  
One North Capitol Avenue, Suite 900  
Indianapolis, Indiana 46204  
Attention: Silvia Perez  
Telephone: 317-234-7701  
Fax: 317-232-6786  
Email: SPerez@ifa.IN.gov

**Subject: EAST END CROSSING PROPOSAL – Financial Proposal Clarifications**

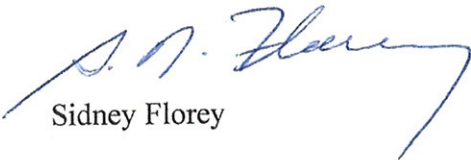
Dear Ms. Perez:

WVB East End Partners is in receipt of IFA's October 31<sup>st</sup> letter requesting clarifications to the Financial portion of our Proposal, which was submitted on October 26, 2012.

Attached is the clarifying and additional documentation as requested. This information is being furnished electronically to your e-mail address before noon (prevailing Eastern Time) on November 5, 2012, and the required hard copies will be delivered directly to your office by hand or overnight courier the following day.

As always, please contact me immediately if there are any further questions or clarifications from the IFA regarding our Proposal.

Sincerely,



Sidney Florey

Duly Authorized Official  
WVB East End Partners  
1260 East Summit Street  
Crown Point IN 46307  
407-470-6639 or 315-207-3905  
sidney.florey@vinci.com

# Clarification Request: No. 1

**1**

Please clarify as to whether Bilfinger SE is the guarantor for Bilfinger Berger PI International Holding GmbH, and if they are the guarantor, please indicate where in the proposal you have outlined how Bilfinger SE will financially support Bilfinger Berger PI International Holding GmbH.

Bilfinger SE is the Financially Responsible Party for Bilfinger Berger PI International Holding GmbH (“BBPI”) and Bilfinger SE’s financial statements have been provided to demonstrate financial capability of BBPI. Pursuant to Section 2.0.3.b. of Exhibit C of the ITP, Bilfinger SE is not required to guarantee all the obligations of BBPI, because BBPI intends to fund its equity contribution in full at Financial Closing (in form of the Equity Bridge Loan). Therefore, Bilfinger SE is not a Guarantor as defined in the ITP. As described in Section 3.5 of the Financial Plan, BBPI has approximately \$200 million of equity available for and dedicated to new investments in P3 projects.

# Clarification Request: No. 2

# 2

Please provide a copy of the Technical Advisor Report.

Please see the attached file “Bilfinger Ohio River Bridges Phase I Report - Draft Final Rev B 10.21.12”. Cover note: The Lenders’ Technical Advisor’s report included in this submittal is based upon the latest information that was available for the LTA’s review at the time of its final discussions with the rating agency. Please note, some non-material adjustments (consumables and winter maintenance consumables) were made after that in the final days prior to submission of the Proposal. We are confident that these adjustments will not have any impact on the rating and or any other element related to the feasibility of our Financial Plan.

The Lenders' Technical Advisor's report included in Attachment #1 to the Financial Proposal Clarifications is confidential and has been REDACTED.

# Clarification Request: No. 3



**3**

The underwriter commitment letter uses the capitalized term “Environmental Litigation”; however, the term is not defined in the letter or the Bond Term Sheet. Please confirm that the term is as defined in the PPA.

A response to financial clarification request #3 has been provided by our Lead Underwriter Bank of America Merrill Lynch in the enclosed letter.

*HIGHLY CONFIDENTIAL*

November 1, 2012

Romain Verzier  
Director Structured Finance  
Vinci Concessions, SAS  
9 Place de l'Europe,  
F-92851 Rueil-Malmaison Cedex, France

Gregory A Ciambrone  
Vice President  
Walsh Investors, LLC  
929 West Adams Street  
Chicago, IL 60607

Bilfinger Berger PI International Holding GmbH  
Gustav-Stresemann-Ring 1  
D-65189 Wiesbaden  
Germany

Re: Clarifications in respect of Debt Underwriting Commitment Letter dated October 26<sup>th</sup> 2012 - East End Crossing /Louisville Southern Indiana Ohio River Bridges Project

Ladies and Gentlemen:

We refer to the Debt Underwriting Commitment Letter dated October 26, 2012 (the "Commitment Letter"), delivered by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch", "we" or "us") to Bilfinger Berger PI International Holding GmbH, VINCI Concessions S.A.S. and Walsh Investors, LLC (each a "Sponsor" and collectively, the "Sponsors") in connection with the Sponsors' proposal to the Indiana Finance Authority (the "IFA") for the acquisition by WVB East End Partners, a Delaware limited liability company (the "Developer") of the rights to develop, design, finance, construct, operate and maintain the East End Crossing --Louisville Southern Indiana Ohio River Bridges Project (the "Project") pursuant to the PPA and the PPA Documents (each as defined in the Commitment Letter).

At your request, we hereby confirm the following in connection with the Commitment Letter:

1. The term "Environmental Litigation" as used in the Commitment Letter has the meaning assigned to such term in the PPA.
2. The term "Material Project Contracts and Reports" on page 4 of the Commitment Letter is a collective reference to the documents and reports listed in Annex B to the Commitment Letter. The reports are described in items (ix), (x) and (xi) of Annex B to the Commitment Letter.
3. Except as expressly set forth above, the terms of the Commitment Letter shall not be modified by this letter.

November 1, 2012  
Page: 2

4. This letter shall be governed by, and construed in accordance with, the laws of the State of New York. BY YOUR ACCEPTANCE OF THIS LETTER, YOU AGREE THAT WE AND EACH OF THE SPONSORS WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) RELATED TO OR ARISING OUT OF ANY OF THE TRANSACTIONS OR THE OTHER TRANSACTIONS CONTEMPLATED, OR THE PERFORMANCE BY US OR ANY OF OUR AFFILIATES OF THE SERVICES CONTEMPLATED BY THE COMMITMENT LETTER AS SUPPLEMENTED HEREBY.

Please let us know if you have any further questions or concerns.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By:   
Name: Kevin O'Brien  
Title: Director

# Clarification Request: No. 4

**4**

At page 4 of the underwriter commitment letter, the underwriter states that they have reviewed all “Material Project Contracts and Reports”; however, the term “Reports” is not defined in the letter or the Bond Term Sheet. Please describe the Reports reviewed by the underwriter.

A response to financial clarification request #4 has been provided by our Lead Underwriter Bank of America Merrill Lynch in the enclosed letter.



*HIGHLY CONFIDENTIAL*

November 1, 2012

Romain Verzier  
Director Structured Finance  
Vinci Concessions, SAS  
9 Place de l'Europe,  
F-92851 Rueil-Malmaison Cedex, France

Gregory A Ciambrone  
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1. The term "Environmental Litigation" as used in the Commitment Letter has the meaning assigned to such term in the PPA.
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November 1, 2012  
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Please let us know if you have any further questions or concerns.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By:   
Name: Kevin O'Brien  
Title: Director

# Clarification Request: No. 5

**5**

As required by Exhibit C, section 3.6 of the ITP, please have the financial advisor confirm that the debt funding identified in the Proposal is sufficient to fulfill WVB's commitments as set out in the Proposal.

A response to financial clarification request #5 has been provided by our Financial Advisor Scotiabank in the enclosed letter.

November 2, 2012

WVB East End Partners  
1260 East Summit Street  
Crown Point, IN 46307

Attention: Sidney M. Florey, WVB East End Partners Representative

Scotiabank Inc. ("Scotiabank") is pleased to provide this clarification letter as financial advisor to the WVB East End Partners ("WVB" or the "Consortium") in its bid for the East End Crossing (the "Project").

As financial advisor we can confirm that the debt funding identified in the Proposal is sufficient to fulfill WVB's commitments as set out in the Proposal.

Furthermore, in our opinion we view the debt funding as robust representing low execution risk in the financial markets.

Regards,



Michael J. Uhouse  
Managing Director  
Global Infrastructure Finance  
Scotiabank Inc.



# Clarification Request: No. 6

## 6

Please provide additional supporting details regarding the apportionment of income that is subject to taxation in the states of Indiana and Kentucky respectively.

As highlighted in several of the tax-related Q&A submitted in connection with the bid process, as a result of differences in the income tax apportionment rules in Indiana and Kentucky, there is the potential for the Developer to be subject to double taxation on its income. This is particularly the case if (i) each of Indiana and Kentucky were to claim that a greater proportion of the income producing activities related to the Public-Private Partnership Agreement (PPA) are performed within their state, and / or (ii) if one or both states was to exercise its authority to apply “a more reasonable apportionment methodology”. Because the issue of income apportionment was not addressed by the IFA, the PPA, or in the bilateral agreement between Indiana and Kentucky, and because there was insufficient time for WVB East End Partners (“WVB”) to seek formal guidance from the state authorities, WVB was required to make certain assumptions in its model (“Financial Model”) for purposes of its bid.

WVB’s Financial Model assumes that 100% of Developer’s taxable income will be subject to state income tax in one or both of Indiana and Kentucky, and also assumes that no portion of Developer’s taxable income will be subject to double taxation (i.e., the same dollar of income will not be subject to state income tax by both Indiana and Kentucky). Given the income tax rates in Indiana (decreasing from 8% at Financial Close to 6.5% for 1 July 2015 and later) are higher than the income tax rate in Kentucky (6%), our Financial Model assumes 100% of Developer’s taxable income is subject to the Indiana corporate income tax rate. In the event that a portion of the Developer’s taxable income is instead taxed by Kentucky, it will be commensurately exposed to the City of Louisville’s occupational license tax (the Financial Model does not separately include a calculation for the occupational license tax). The amount of incremental taxes payable as a result of the City of Louisville’s occupational license tax is expected to be approximately offset by the 0.5% lower state income tax in Kentucky, leaving the total taxes paid materially unchanged.

WVB and its tax advisors believe these assumptions are reasonable in light of the tax rules in the two states. While Indiana generally utilizes a single sales factor apportionment formula (see Indiana Code Section 9-3-2-2), Kentucky generally uses a three-factor formula of sales, property, and payroll, with sales double-weighted (see Kentucky Revenue Stat. Ann. Section 141.120(8)). For purposes of allocating sales, receipts from the performance of services are generally sourced to Kentucky if the services are performed entirely in Kentucky or the services are being performed both within and without Kentucky but a greater portion is performed in Kentucky than in any other state based in the cost of performing such services (see Kentucky Revenue Stat. Ann. Section 141.120 (8)(c)(3)). WVB projects substantially more of the costs of performing its construction and O&M services to be incurred in Indiana, and projects its employees, property, and office will also be located in Indiana.

Nevertheless, WVB’s Financial Model does also include cash taxes for Kentucky’s limited liability entity tax (“LLET”). For these purposes, the Financial Model assumes that 50% of its gross receipts are subject to the Kentucky LLET at a rate of \$0.095 per \$100. To the extent the Kentucky LLET is being paid in a taxable period for which Developer has taxable income before the utilization of net operating losses, the Financial Model assumes the Developer’s state income tax liability is reduced by the LLET (see Kentucky Revenue Stat. Ann. Section 141.0401(3)).

# Clarification Request: No. 7

## 7

Please provide additional supporting information regarding the assumptions for the profit element on the construction income during the construction phase.

WVB's Financial Model incorporates a [REDACTED] profit on its construction costs. For these purposes, "construction costs" includes the actual direct costs of construction plus certain indirect costs including (i) a portion of development costs allocated to construction [REDACTED] (ii) G&A expenses of the Developer (including insurance costs), (iii) interest expense required to be capitalized under Internal Code Section 263A, and (iv) a portion of the Developer's financing fees. While WVB did not yet undertake a formal transfer pricing analysis/study, it and its tax advisor believe this profit margin is reasonable based on the Equity Members' and tax advisor's prior experience with similar projects where substantially all of the construction work is contracted out on a turn-key basis.

# Clarification Request: No. 8



## 8

After following the steps described in the Financial Model User Manual, we were unable to replicate the Sensitivities results presented in Section 4 of Form P in the Financial Model. Please provide additional detail on what is needed to optimize the Financial Model to arrive at results presented in Section 4 of Form P.

The debt structure put forth by WVB partners in their plan of finance intends to optimize marketability and minimize the debt service component of the Availability Payment to achieve the optimal debt structure available at the time of submission of both the benchmark rates and margins.

With respect to the sensitivities requested as part of the financial submission, a simple changing of the benchmark yield would not optimize the results of the analysis, and more specifically, what would actually occur in an interest-rate environment as high as +200 basis point or as low as -200 basis points less than the current base case benchmark yields.

A better assessment of what would occur in these dramatic interest rate environment changes was conducted with WVB's lead underwriter, BAML, to evaluate the couponing which would be required to achieve the optimum structure in higher or lower interest rate environments and thus a more detailed analysis was undertaken by WVB to produce the sensitivities. It is our view that simply changing the benchmark yield would not result in as precise analysis of the opportunity in the bond markets in an environment as required by the sensitivities from the base case unless par bonds are used in both structures.

Given the recent examples of transactions priced in the PAB market (as documented in our base case benchmark and credit rate submission), par bonds are not the optimal structure for bond purchasers in the current interest rate environment. As evidenced in the submission, WVB assumed that the bonds will be issued at a premium in the base case and in the interest rate sensitivity analyses, which simply makes reducing or increasing the interest rate in the financial model an inaccurate depiction of the debt structure.

Outlined below are the required input changes necessary to replicate the sensitivities results contained in the financial submission. Please follow the following steps to test the interest rate sensitivities in the Financial Model:

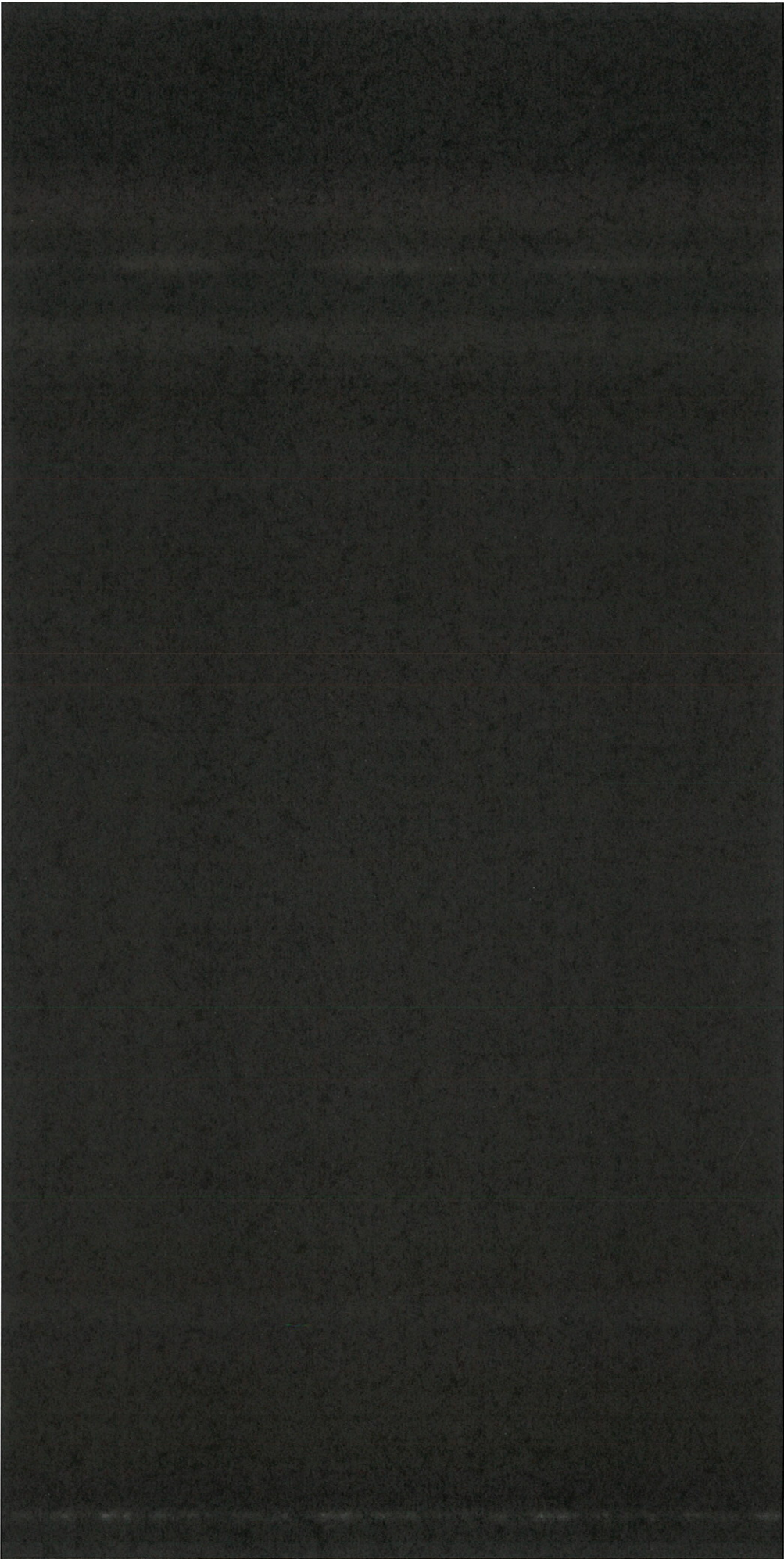
1. Replace the base case assumptions in column F of the 'Input - Financing' sheet with one of the sensitivity scenario inputs in the spreadsheet attached to this section. For example to test the 50bps interest rate increase scenario, cells F254 to F258, F287 to F291, F298 to F302 and F309 to F313 of the 'Input - Financing' sheet need to be replaced with the corresponding assumptions for the 50bps scenario provided in the attached input sheet.
2. Replace the bond amortization profile in rows 320, 323, 324 and 325 of the 'Input - Financing' sheet with the corresponding assumptions for the desired scenario provided in the attached input sheet.
3. Click the 'Optimize' button on the 'Output - Project' tab to solve the model.

## 8

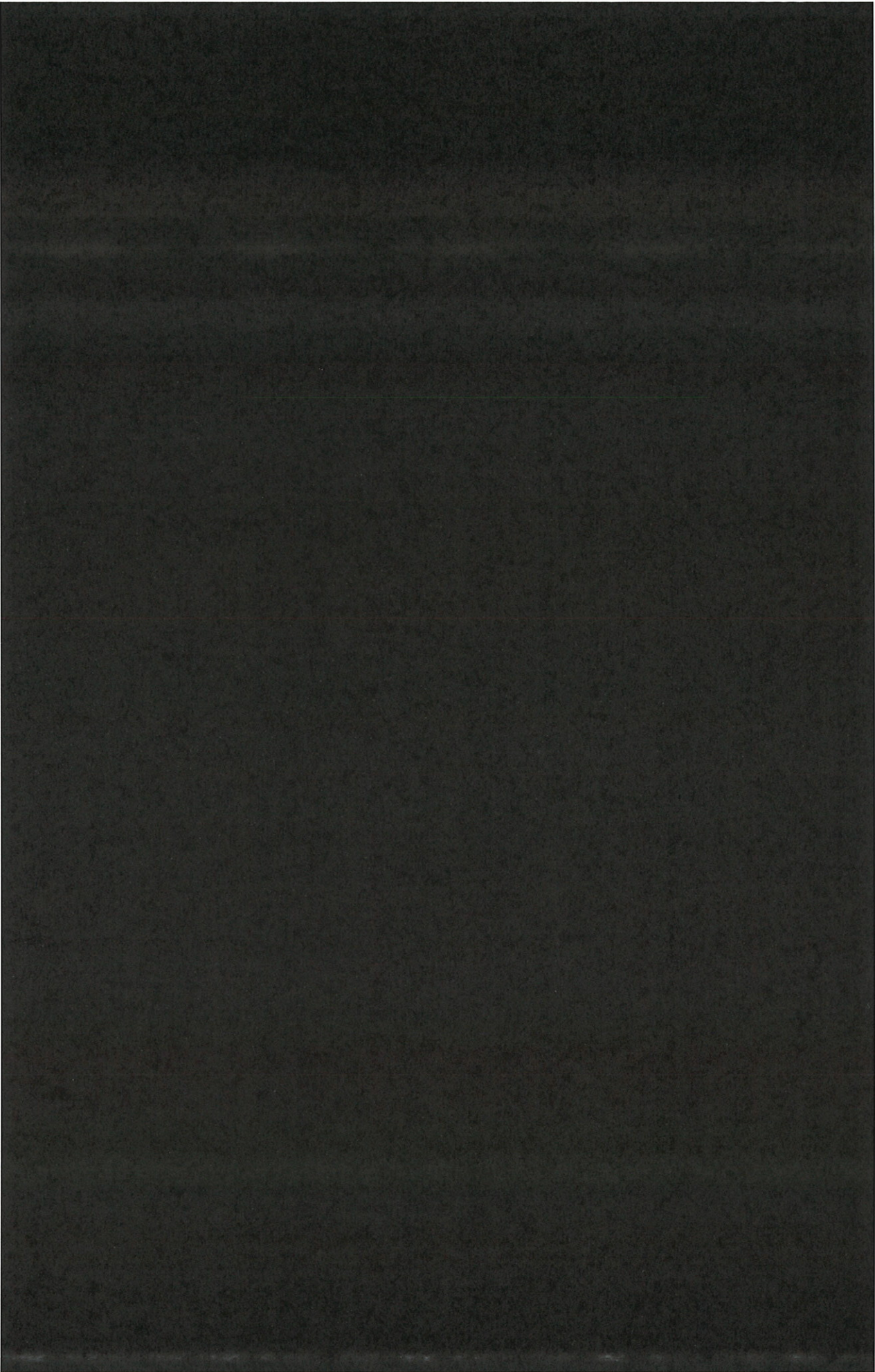
Note: because the change in interest rate inputs for each of the interest rate sensitivities are captured in the file attached (WVB - Financial Model – Clarification), the user should NOT input the bps change into the Scenarios tab F45 and F46.

Note: that the model may not be able to be solved if the incremental rate increase is greater than 50bps, and we therefore recommend testing the model for interest rate movements by 50 bps increments. For example to test the 150bps increase in interest rate, we recommend running first the +50bps scenario, then the +100bps scenario and finally the +150bps scenario, each time following the 3 steps described above.

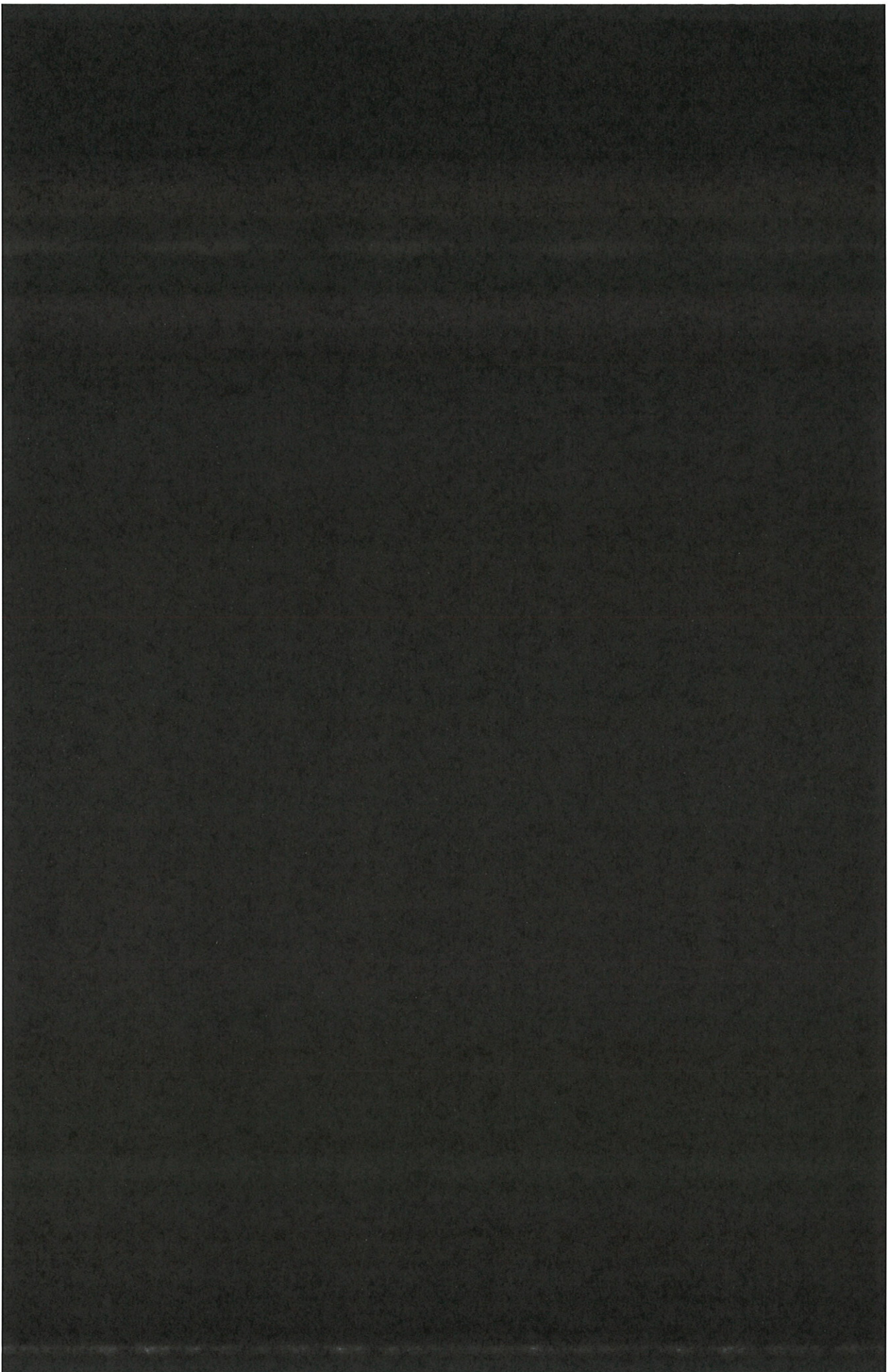
Although not requested, please note that WVB would be comfortable sharing the financial model that incorporates these specific sensitivities and records the relevant changes to the MAP.









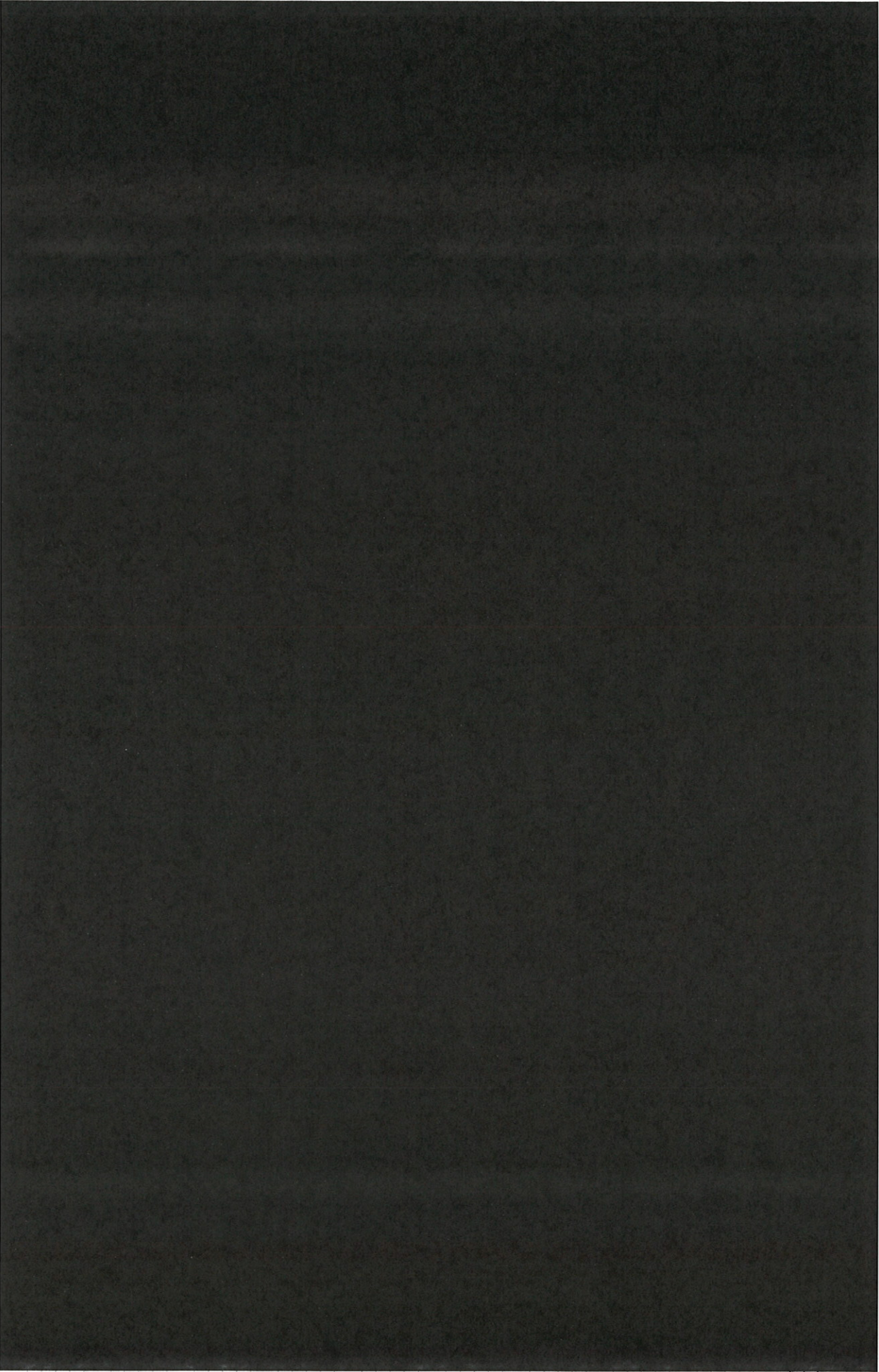




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